

Making Accountability Work

Community Colleges and Statewide
Higher Education Accountability Systems

INSTITUTE FOR HIGHER EDUCATION POLICY

MAY 2006

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Preface

The current national debate about higher education has focused heavily on varying interpretations of the U.S. higher education system's accountability structures. Much of that debate has emphasized undergraduate learning and the specific issues of student engagement and outcomes. But relatively little attention has been paid at either the state or federal level to questions about community college accountability systems, and specifically whether statewide accountability systems are helping or hurting efforts to improve performance by community colleges.

This working paper evaluates the accountability systems in several key states in order to determine whether—and how—these state systems consider

the unique situation of community colleges. The goal of the paper is to better understand the interconnections between the wholesale issues about accountability systems and the relatively more retail questions about whether these issues actually resonate in a meaningful way in the sector that educates the largest and most diverse number of students in American higher education. We hope this working paper will be a useful addition to the debates about accountability occurring in states across the nation, as well as inform the national discussions about how such systems might be linked to one another to meet national goals.

Jamie P. Merisotis

President, Institute for Higher Education Policy

Introduction

In the last few years, a remarkable consensus has begun to emerge about a new public agenda for postsecondary education in America. The imperative is to increase production, quality, and affordability all across the educational pipeline without a substantial new infusion of public revenues. Each sector and institution—from public colleges to private research universities—has a role to play in this new public agenda, but the single greatest influence on the success or failure of the agenda will be the public community colleges.

Community colleges are the largest sector of higher education, with the greatest preponderance of low-income and minority student enrollments and the lowest average cost to students (American Association of Community Colleges 2004). They will absorb the lion's share of projected enrollment growth in many states, including the megastates of Texas, California, and Florida. Community colleges can be the most cost-effective route to educational success for students and for the state, yet at the same time, because of their historically low completion rates, community colleges are a low-cost, but high-risk, option for students interested in obtaining a degree or certificate.

All this means that the role of community colleges—and their performance within the larger

context of state goals—needs to be front and center in statewide accountability measures. Accountability systems have become one of the most important vehicles for state policy in postsecondary education, as they report measures of institutional performance within the context of larger statewide goals. However, after taking a close look at the treatment of community colleges in selected statewide accountability systems, we think these systems still fail to support the imperative to increase production, quality, and affordability.

Our study suggests that, in their present form, statewide accountability systems are not likely to provide state policymakers with the kind of information they need to identify viable options and make effective choices to meet state performance goals. Accountability systems in their present form can also be a distraction rather than a help at the institutional level. As a result, critical policy decisions—like whether to accommodate enrollment growth in community colleges rather than in more expensive four-year institutions—are often being made based on weak or nonexistent data. If community colleges are to take on their share of new enrollments and operate both efficiently and effectively within the context of their varied missions, statewide accountability structures will need to be reassessed.

Project Background

This working paper focuses on the relationship between statewide higher education accountability systems and the public community college sector—and whether such accountability systems are a help or a hindrance to improved performance by community colleges within the larger landscape of state postsecondary policy. The intent of this paper is to evaluate the accountability systems in several states in an effort to determine the extent to which these systems consider the unique situation of community colleges and yet still support state policy goals.

By their nature, community colleges probably present the greatest challenge to state and institutional policymakers in building effective accountability systems. More than any other sector, these institutions have the public mandate to accomplish widely diverse missions—adult basic education, remedial education, core academic education, job training and certification, workforce skill development, continuing education, and transfer preparation. If accountability systems do not take into account this range of missions, as well as the diverse populations served by community colleges and the low levels of funding they often face, these institutions may find it difficult to meet accountability standards and may be forced to reduce the services they offer (Dougherty & Hong 2005; McClenney 2005).

For this study, we reviewed the national literature on postsecondary accountability and conducted interviews with national experts in the field. Throughout this review, we found considerable consensus about operating principles to guide

the evaluation of accountability systems.¹ This consensus has provided us with a conceptual framework to evaluate specific accountability systems.

In our assessment, when statewide higher education accountability systems work well, they do so in six different areas:

- 1 Focus:** In order to facilitate effective policymaking, the accountability measures used are organized in relation to specific goals. In a statewide system, measures are linked to broad state goals in areas such as academic preparation, affordable access, student success, quality of learning, and racial and economic equity.
- 2 Differentiation:** The accountability system recognizes different layers of responsibility for performance, and information is clustered appropriately for different audiences and decision makers. The key distinction here is typically between a statewide focus, with a legislative or gubernatorial audience, and a systemwide or institutional focus, aimed at chancellors, presidents, and deans.
- 3 Contextualization:** Information is made more meaningful by being put into context through benchmarking, trend analysis, or peer group comparisons. This contextualization recognizes that institutions can have very different missions and student populations.
- 4 Integrity:** The data sources, and the metrics used, represent the best measures available, derive from high quality and consistently reported data, and are readily understandable.

¹ See Zumeta 2000; Wellman 2002; Shulock 2003; Business-Higher Education Forum 2004; Leveille 2005; National Commission on Accountability in Higher Education 2005.

- 5 **Attention to resources:** Performance information is combined with data about resource use in order to allow decision makers to make assessments about efficiency and effectiveness and to be able to judge the trade-offs between different investment options.
- 6 **Stability and usability:** The accountability systems remain in place long enough that their effectiveness can be judged and policymakers can use the systems' measures to make informed decisions.

With these six areas in mind, we examined the treatment of community colleges in the statewide accountability systems in eight states: California, Florida, Kentucky, Maryland, North Carolina, Texas, Virginia, and Washington. These states were selected because they have strong community college systems and generally good capacities for data collection. Each state chosen also has an established or developing statewide accountability system incorporating community college reporting. As a result, these states are the most likely provide us with models for effective and innovative means of handling community colleges in their accountability systems.

Moreover, the states selected for this study represent some of the highest growth states in the nation and will be looking to the community college sector to accommodate a significant

share of enrollment growth. Texas, for example, is anticipating a substantial increase in the number of students graduating from high school each year. By 2010, this number is expected to increase 20 percent to more than 268,000 annually. With Texas high school graduates going directly to college at a rate of more than 53 percent, nearly 24,000 additional incoming students will seek places in the state's institutions of higher education in 2010 (National Center for Higher Education Management Systems 2002). For states such as Texas, then, developing new ways of assessing community college performance is a pressing matter.

Published materials were used to examine each state's history of higher education accountability as well as their current and pending accountability legislation. During the summer of 2005, telephone interviews were conducted with representatives from the state higher education agency and from the community college system or statewide community college association in each of the eight states. These individuals were asked about the origins and structure of the state's current accountability system with attention to goals and measures of performance, reporting structures, audience, and links to funding. Each interviewee was also asked to assess the effectiveness of the accountability system, particularly in regards to community colleges, and to comment on likely changes in the future.

Key Findings

The good news is that accountability is clearly on the agenda for state policymakers. Many states are also taking advantage of lessons learned from previous accountability efforts and are attempting to accommodate the specific needs and concerns of community colleges through separate sets of performance measures (Boswell 2005; Ewell 2005). While community colleges are often at a disadvantage in their data collection capacities, there are ongoing efforts to improve this situation in a number of states. Results of these efforts promise a wider range of useful performance measures including improved measures of student outcomes (McClenney 2005). Nonetheless, in the states we surveyed for this study, we found the accountability systems to be quite uneven in their attention to the six key areas identified above. In particular, our study found significant problems in linking performance measures both to statewide goals for higher education and to the resources used in achieving those goals.

Focus

Higher education officials and state policymakers sometimes think about accountability as simply measuring institutional performance, but accountability also must examine the relationship between institutional performance and larger policy goals (Shulock 2003; Boswell 2005; National Commission on Accountability in Higher Education 2005). Among the states reviewed for this study, there is a new emphasis on establishing statewide goals for higher education and on collecting accountability data directly related to those goals. While Kentucky and Maryland have, for some time, had statewide accountability systems that adhere to these practices, other states have not. At the time of this study, however, Texas had recently initiated such a system, and Florida, Virginia, and Washington were in the process of developing

new accountability systems that emphasize state goals. Florida's proposed accountability system would, in fact, cover all public education in the state, from pre-school to graduate school (Florida K-20 Education Performance Accountability Task Force 2004). In contrast, California and North Carolina still use separate accountability systems for community colleges and four-year institutions, but California has a bill before its General Assembly that would establish a fully statewide accountability system for all higher education (Garcia 2005).

Nonetheless, despite the new emphasis on developing statewide goals for postsecondary education, accountability reporting still tends to be primarily at the system or institutional level. Only a few states, most notably Kentucky and Washington, have explicit statewide measures of progress towards goals. Kentucky, for example, aggregates the total number of degrees awarded by each sector to show the overall performance of higher education in the state while Washington measures the total number of degrees awarded as a percentage of the college-age population. Both states also use statewide measures in areas such as college affordability and K-12 performance in producing college-ready students (Kentucky Council on Postsecondary Education 2005; Washington Higher Education Coordinating Board 2005). Most states, on the other hand, seem to assume that meeting system or institutional targets automatically equals statewide progress, which may not, in fact, be the case, especially if institutions play a large role in determining their own benchmarks (Shulock 2003). To achieve statewide goals, moreover, the whole postsecondary education system must work together, and without statewide measures, it is difficult to assess cooperation among the various sectors of higher education.

Differentiation

A key underlying argument in favor of statewide accountability systems for higher education is that they will provide state officials with the data needed to make informed decisions about policies and budgets (National Commission on Accountability in Higher Education 2005). It seems, however, that information collected during the accountability process in the states reviewed for this study is often used by other groups, as well—by the state higher education agency, by individual institutions, and in some cases, by the public. This lack of differentiation means that many statewide accountability systems attempt to be all things to all people, and as a result, are likely to be unsatisfactory to their various audiences (Shulock 2003).

Community college presidents and governing boards are key users of accountability reports. Community colleges in all states reviewed use the data for self-assessment and institutional planning. In Virginia, for example, the chancellor of the community college system meets with each community college president on an annual basis to review the institution's performance in relation to the statewide strategic plan for higher education. The information from the accountability report is shared in this process and utilized to improve the performance of individual campuses (Peterson 2005).

The information from accountability reports also is used by the governing or coordinating bodies for higher education in most states. In Kentucky, for instance, accountability information is used by the Council on Postsecondary Education on an ongoing basis. Whenever the data are updated, the Council holds meetings to discuss the implications of the new information. Occasionally, colleges are asked to provide explanations for poor performance on certain indicators. The accountability reports also inform the Council's policymaking. For example, when reports showed a low transfer rate from Kentucky's community colleges to its four-year institutions, the Council conducted research on the factors influencing transfer and found that

the lack of financial support is the primary barrier preventing community college students from continuing their education at four-year institutions. The findings informed and influenced new policies on financial aid (Applegate & Noxel 2005).

The state legislature is an important audience for accountability reports in all the states reviewed except Florida. In Florida, only the reports that involve performance-based budgeting are sent to the legislature and the governor's office while accountability assessments are not (Windham 2005). In Texas and Washington, on the other hand, accountability reports help to establish a positive relationship between community colleges and the legislature and also contribute to obtaining more state investment in community colleges. In Texas, accountability measures such as appropriated funds per full-time equivalent student indicate that, although the state appropriation has been increasing in total value, the increase is not enough to keep up with the rise in enrollment. Largely because of this kind of effective data reporting, the legislature has been very generous to the community colleges (S. Brown 2005). Similarly, the State Board for Community and Technical Colleges in Washington uses accountability reports as its major resource to lobby the state legislature. In particular, when the Board wanted to obtain more appropriation for adult education, it used data from accountability reports to demonstrate that inadequate funding has been a barrier to the delivery of higher education to non-traditional students (Hale, Yoshiwara, & Seppanen 2005).

Another argument for statewide accountability systems has been the idea of transparency and public disclosure (Leveille 2005). Among the eight states reviewed for this report, all except California and Florida have already made accountability reports for community colleges available to the general public, and Florida plans to do so in the future (Windham 2005). However, despite public debates about the need to enable state residents to become informed consumers of higher education,

most respondents reported little expectation that the data will be used by anyone except higher education experts.

Contextualization

Good accountability systems provide a context for the data they include, allowing their audiences to better understand how and why certain institutions and sectors may perform differently than others. Too often, statewide accountability systems have tended to become ranking systems, comparing performance across individual institutions (Phillippe 2005; Shulock 2005). An important feature of the state accountability systems reviewed in this report is their attempt to demonstrate increased accountability for achieving statewide goals while still acknowledging the unique situation of individual institutions. States are working to meet this challenge by providing context for the data included in their accountability reports and by avoiding the tendency to rank individual institutions, which may have very different missions and student bodies.

One way that states handle the diversity of community colleges is by treating the community college system as one institution for the purposes of statewide accountability. In Kentucky, Virginia, and Washington, for example, accountability goals are set for the community college system as a whole, a procedure that can help to balance any differences among the colleges in the system. This approach is a potentially valuable one because it emphasizes the contribution of all the community colleges in a state towards that state's broad goals for higher education. This approach may also help dissuade policymakers from attempting to rank individual community colleges against each other, a rather unproductive effort given the diversity these colleges generally represent.

Similarly, using individualized benchmarks to assess performance helps reduce the tendency to compare dissimilar colleges to one another (Zumeta 2000; Dougherty & Hong 2005). In Virginia's new

statewide accountability system, the performance of the state's institutions of higher education, including the Virginia Community College System, will be measured by objective benchmarks developed by the State Council of Higher Education for Virginia (SCHEV). When developing these benchmarks, which define both minimum levels of performance and targets for improvement, SCHEV will take into account the historical performance of an institution and negotiate the targets for each measure with that institution (State Council of Higher Education for Virginia 2005). This pattern can also be found in states that do not treat the community colleges as one institution. In Maryland, for example, the state's performance accountability system for community colleges includes 29 mandatory measures along with 10 additional optional measures. Each college sets its own annual benchmarks for each indicator and can also add to its report any additional measures that highlight institutional performance in its own context (Keller 2005).

Peer group comparisons are yet another way to handle the differences among community colleges in a state (Zumeta 2000). In both California and Texas, where the accountability systems are designed to evaluate an individual community college's effectiveness and progress, community colleges are grouped based on size, location, and mission in order to provide a basis for appropriate and meaningful comparisons (Perry 2005; S. Brown 2005). On the other hand, a unique feature of Kentucky's accountability system is that it allows community colleges to compare their progress on a particular benchmark to high performers in other states and to explore educational practices that may contribute to the effectiveness of high-performing peer institutions (Applegate & Noxel 2005).

Finally, nearly every state allows its educational institutions, whether individual community colleges or the community college system as a whole, to provide contextual information to explain any problems or inconsistencies, an approach that can help to recognize the diversity of institutions

(Wellman 2002). In most cases, the data for the statewide accountability reports are gathered by the state higher education agency and then sent to the individual institutions for review. At that point, the institutions can correct any problems with the data and add their comments. In Texas, for instance, where accountability results are published using an interactive web-based system, each community college is offered the opportunity to explain their performance, and these explanations are provided on the accountability website, unedited, along with the performance indicators themselves (S. Brown 2005).

Integrity

Without good quality and consistent data, accountability systems cannot provide crucial information to state policymakers. For community colleges, in particular, collecting the necessary data for accountability reporting can sometimes be a difficult hurdle to overcome. Few community colleges have large enough budgets to pay for up-to-date database technology and full-time institutional researchers to analyze the data. Accountability reporting requirements can, in fact, be a financial burden for some community colleges, and the data they produce may be inconsistent or of poor quality (Boswell 2005; Ewell 2005). Moreover, not all states have the ability to match community college data with data collected by four-year institutions (Ewell 2005). Student-unit record systems, considered a necessity for effective accountability systems by many experts, are also not available in every state (McClenney 2005; Phillippe 2005).

While the problem of collecting quality data remains a crucial issue for many statewide accountability systems, the states reviewed for this study all report that they are able to collect good and consistent data from their community colleges, in part because we deliberately selected large states with strong community college systems and active accountability efforts. As a result, the data collection capacities in these states are exemplary. All eight states studied have student-unit record

systems that allow them to make assessments of student transfer rates, at least within the state, and to use data matching to get information on job placement from other state agencies. Equally important is the fact that all of these states have, to some extent, centralized their data collection and analysis. While individual institutions must still collect data on their students, most of the analysis of this data is done elsewhere—at the community college system headquarters in California, North Carolina, and Washington and at the state higher education coordinating agency in the remaining states. This centralization allows for effective use of resources and expert analysis of the data collected.

Just as it is important for statewide accountability systems to have quality data, it is also necessary for them to have performance measures that accurately capture the contributions made by the various sectors of higher education. Measures that are appropriate for four-year institutions may not be appropriate for community colleges, and effective accountability systems must confront this fact. It is clear that the states reviewed in this study are making an effort to tailor their statewide accountability systems to account for the differences between community colleges and four-year institutions. Of the eight states analyzed, the accountability systems in seven have a set of indicators used solely for community colleges, either as part of a separate system for evaluating community colleges as in California and North Carolina or as a separate set of indicators within a comprehensive statewide accountability system. The eighth state, Virginia, uses similar indicators for both four-year institutions and the community college system but exempts community colleges from indicators measuring research funding and transfers from two-year schools (State Council of Higher Education for Virginia 2005).

Nonetheless, despite these efforts, there was still considerable concern among the experts and practitioners interviewed that the specific performance measures used for community colleges in these accountability systems remain

insufficient. If performance measures are to provide adequate information to policymakers, these measures must be valid assessments of institutional and sector performance, be easily understandable to their audiences, and reflect the full range of contributions community colleges make to higher education in a given state. In the states we examined, however, the measures used were often overly complex and frequently did not reflect the full range of functions that community colleges perform to help achieve statewide goals for higher education.

Measures of Access

Increasing access for historically underrepresented groups is a crucial goal for higher education, and most states in this study recognize the importance of this goal in their accountability measures for community colleges. Only North Carolina has no measure of participation by underrepresented groups as one of the state's core accountability measures, although this measure is included among the broader contextual measures the community college system provides in their accountability reports (North Carolina Community College System 2005). Texas, California, and Washington examine community college enrollments by gender, age, and race/ethnicity and, in Washington, by first-generation college student and Pell Grant recipient status (Texas Higher Education Coordinating Board 2005; California Community Colleges Board of Governors 2005; Washington Higher Education Coordinating Board 2005). Several other states also look at participation rates for specific categories of underrepresented students, such as minority students, students receiving need-based aid, or students who are GED recipients.

On the other hand, fewer states in this study used measures that clarify student needs and the success of community colleges in meeting them. Only half of the eight states studied consider the affordability of community colleges. Kentucky, for instance, assesses college cost as a percentage of the state's median household income, while

Maryland looks at community college tuition as a percentage of the state average for four-year institutions (Kentucky Council on Postsecondary Education 2005; Maryland Higher Education Commission 2004). However, the issue of affordability always includes two aspects—cost and access to financial aid—and Kentucky and Virginia are the only states that track investment in need-based financial aid and average student loan debt (Kentucky Council on Postsecondary Education 2005; State Council of Higher Education for Virginia 2005).

Academic preparation, moreover, is another key factor in providing access to higher education for underrepresented groups. The open-door admissions policies used by many community colleges allow enrollment of students from many different academic backgrounds. These students may not hold a high school diploma, and even if they do, may not have been adequately prepared for college-level coursework. Only Kentucky, Maryland, and Washington include in their accountability measures for community colleges indicators of the percentage of students needing remedial coursework (Kentucky Council on Postsecondary Education 2005; Maryland Higher Education Commission 2004; Washington Higher Education Coordinating Board 2005). California and Washington, on the other hand, are the only states that are trying to measure the success of their English as a Second Language programs, a crucial offering for immigrant students at community colleges (California Community Colleges Board of Governors 2005; Washington Higher Education Coordinating Board 2005).

Measures of Student Success

A key question for accountability systems is how to measure student success. As researchers have noted, accountability systems for community colleges must define success for a student body with a wide range of educational aspirations (Boswell 2005; Dougherty & Hong 2005). In most states reviewed in this paper, the accountability system looks at a combination of

persistence, transfer to a four-year institution, and degree completion as the principal measure of student success. For example, seven out of eight states measure student persistence from year to year. Six states have indicators measuring the number of students transferring to four-year institutions and/or the number of students achieving transfer requirements. The accountability systems in six states measure the number of degrees or certificates conferred while, in five states, passing rates on state licensure exams are measured.

Since many community colleges attract a large number of part-time, non-degree-seeking adult learners, analyzing only those indicators relevant to traditional degree-seeking students cannot truly measure success for the whole student population. Measuring success for students who may only intend to take a few classes to hone their work skills is difficult. No state in this study, in fact, had any accountability measures designed to assess academic success for such students although both Maryland and North Carolina use a measure of student satisfaction which includes non-completers and might therefore answer the question of whether or not these students achieved their goals (Maryland Higher Education Commission 2004; North Carolina Community College System 2005).

On the other hand, including in the degree completion and transfer rates data on students who do not intend to earn a degree or to transfer will artificially lower those rates. As a result, most of the states in this study have developed fairly complex ways to determine which students should be included in any measure of student success and how that success should be defined. In California, for example, the “Student Achievement and Progress Rate” is defined as:

Percentage of cohort of first-time students with minimum of 12 units earned who attempt degree/certificate/transfer threshold course within 6 years of entry ... who are

shown to have achieved ANY of the following outcomes or value-added measures of progress within 6 years of entry:

- ▷ Earned any AA/AS or Certificate
- ▷ Actual transfer to a four-year institution...
- ▷ Achieved “Transfer Directed” (student successfully completed both transfer-level math AND English courses)
- ▷ Achieved “Transfer Prepared” (student successfully completed 60 UC/CSU transferable units with a GPA ≥ 2.0 in those transferable courses)...
- ▷ Earned at least 30 units while in the CCC system (California Community Colleges Board of Governors 2005).

This sort of measure of student success, while attempting to take into consideration the wide range of goals embraced by community college students, ends up both including many students who may not have succeeded in meeting their goals and obscuring the fact that students who do not meet the cohort definition may actually have planned to earn a degree or transfer to a four-year institution (McClenney 2005). As such, measures like this one may not be effective measures of community college performance. Worse still, the cohort definition is so complex that it will not be clear to many observers, especially those not expert in the field of higher education, exactly what is being measured by this indicator.

Most of the states reviewed are also lacking in measures of student learning. Kentucky does try to measure student engagement in the learning experience in order to develop a more comprehensive definition of student success and intends, in the near future, to include a direct measure of student learning in its accountability system, perhaps using the Work Keys standardized test (Applegate & Noxel 2005). At the moment, only Florida uses student performance on a statewide learning assessment, the College-Level

Academic Skills test, as an accountability measure (Florida Community College System 2004).

A related issue concerns how to measure students' success after leaving a community college. Half of the states analyzed for this paper look at the success rates of transfers to four-year institutions. Washington, for example, considers the three-year graduation rate for students who transfer from a community college to a public university in the state (Washington Higher Education Coordinating Board 2005). Four states also look at employment rates for community college graduates, and some states include high-wage employment or employment in a field related to the degree earned. Again, however, there is less effort to examine the benefit offered by the community college to students who do not either transfer or complete a degree.

Mission-Specific Measures

Community colleges, far more than four-year institutions, are called upon to serve a variety of educational functions and very diverse student populations. The accountability systems examined in this paper make an effort to take this challenge into account. Nonetheless, the emphasis in most of the accountability systems studied remains on traditional definitions of success for community college students—degree and certificate completion or transfer to a four-year institution. Most states lack measures that go beyond those indicators to examine the many services community colleges provide—a problem commonly noted by experts on community colleges and accountability (Zumeta 2000; Dougherty & Hong 2005; Ewell 2005). This lack of attention to the range of missions served by community colleges offers no way for state policymakers to assess the sector's contributions to statewide goals such as improving job training or ensuring that students are adequately prepared for college-level classes.

Vocational-technical training is, for example, a very important function of community colleges, both through degree and certificate programs and through short-term workforce training courses.

Many community colleges were established with the intention of providing programs to prepare students for specific careers, such as accounting and nursing. However, only three states of the eight in this study have measures for participation in non-credit workforce development programs. In terms of for-credit vocational programs, Texas and Virginia are the only states that measure the number of degrees and certificates awarded in priority areas, although California does disaggregate community college degrees awarded by program (Texas Higher Education Coordinating Board 2005; State Council of Higher Education for Virginia 2005; California Community Colleges Board of Governors 2005).

Community colleges can also play an important role in delivering higher education to students who may not be able to easily get to a college campus. Distance education is an important vehicle to accommodate adult learners who have to balance work and family responsibilities with school as well as to carry college courses to students who, for reasons of geography or physical disability, may not be able to come to campus. In fact, a large percentage of online courses are provided by community colleges, and many community colleges operate satellite campuses or off-campus learning centers to meet the needs of a widely dispersed student body. However, no states include a distance education measure among those used for community colleges, although North Carolina does discuss distance education efforts in the more contextual part of its accountability report (North Carolina Community College System 2005).

Finally, community colleges are a major resource in educating adults whose academic skills are not yet at the college level. Community colleges routinely offer Adult Basic Education, GED preparation, and remedial coursework, particularly in math and English. In some states, in fact, four-year institutions no longer offer remediation at all, requiring instead that their students who need such assistance seek it at a community college. However, these functions are

not well assessed in the statewide accountability systems reviewed for this project. Only three states used measures to examine community college performance in assisting remedial students, while only two states measured performance in the area of basic skills instruction.

Attention to Resources

At one time, performance funding systems, in which funding for institutions is directly tied to their performance, were preferred by policymakers, who believed that colleges and universities could be pressured to perform well by the threat of losing funding or by the offer of additional funding as a reward for good performance. In recent years, however, this model has lost much ground. An annual survey of State Higher Education Finance Officers determined that, between 2001 and 2003, the number of states using performance funding models declined 21 percent from 19 states to 15 states. During the same period, states using performance reporting increased 18 percent from 39 states to 46.² The authors of that survey suggest that this change is largely due to tight state budgets and the desire of legislatures to eliminate programs that are entitled to annual budget increases for successful performance (Burke & Minassians 2003).

Our study supports these findings. Of the eight states examined in this paper, only two—Florida and North Carolina—have higher education accountability systems that provide performance funding, that is, monies awarded to community colleges on the basis of successful performance on a defined set of indicators. Florida's performance-based budgeting program, one of several accountability systems in the state, awards about 2 percent of the state's allocation for community colleges—less than \$20 million out of a budget totaling more than \$1.5 billion. Awards granted under this system are based on a set of measures

such as degree completion and success after transfer to a four-year institution both for the total student body at a given community college and for special populations such as Black males and economically disadvantaged students (Cisek 2005). In North Carolina, on the other hand, successful performance on certain accountability measures mandated by the state legislature allows a community college to carry over a small portion of its annual budget from one year to the next (K. Brown 2005).

Virginia's new statewide accountability system includes financial incentives but uses a quite different model. This accountability system, which was only made law in 2005 and has not yet been put into effect, came about as a result of a desire on the part of the state's major universities for increased autonomy. In a compromise brokered by then Governor Mark Warner, institutions that meet performance targets receive both increased autonomy, such as the right to initiate capital projects and set tuition and fees, and financial incentives, including interest earned on tuition and fees and the right to carry over unexpended funding allocations into future years (Massa 2005).

The remaining states do not have formal performance funding models, although some certainly use their accountability reports as part of the budgeting process. In Maryland, for example, the performance of various colleges is a factor considered by the Governor's Budget Office and the General Assembly in determining capital allocations (Keller 2005). In most states studied, however, there is little direct connection between performance reporting and the allocation of funding for the state's community colleges. There are few repercussions for community colleges that do not meet their performance targets. The primary motivation for colleges to meet performance targets, then, is simply a desire to maintain a reputation for quality.

² In a performance reporting system, there is no formal connection between an institution's performance and its ongoing funding allocation (Burke & Minassians 2003).

Given the ongoing budgetary limitations in many states, fueled by the economic downturn and increases in state spending on Medicaid and K-12 education, it seems likely that there will not be a quick return to the performance funding model of accountability. At the same time, however, most of the accountability systems we reviewed made little or no effort to link resource allocation to institutional performance—a connection that could help policymakers to better understand the needs of the state’s postsecondary institutions and to make informed judgments about trade-offs between different investment strategies such as increasing student aid or building new college campuses (Wellman 2002). As a result, these systems are not particularly useful for incremental budget allocation systems nor are they helping to answer larger questions of resource policy. This weakness can have a potentially negative effect on community colleges as they are asked to shoulder more of the responsibility for educating a state’s college students.

Compared to four-year institutions, community colleges usually operate with lower levels of staffing, heavier teaching loads, less adequate physical facilities, and fewer academic resources. Recently, budget constraints have further exacerbated the problem of providing quality education with limited resources. Nonetheless, most states in this study do not have the measures to gauge the adequacy of community college funding, nor do they have measures to assess available resources. Most do not analyze process indicators such as average class sizes, faculty qualifications and retention, library and lab space, etc. The only exception is Texas. In its accountability system, Texas includes the annual appropriations for each community college divided by full-time equivalent students and faculty. Texas also assesses student/faculty ratios, the percentage of faculty with advanced degrees, and average class sizes (Texas Higher Education Coordinating Board 2005). One other state, Virginia, does have a measure for unmet demand for services—a proxy for a lack of resources—but this measure could

also potentially be used to penalize an institution that limits enrollments in certain programs (State Council of Higher Education for Virginia 2005).

Higher education accountability has, in recent years, moved to a focus on outputs and outcomes (Zumeta 2000; Leveille 2005). Such a move is not unreasonable given the widespread interest in measuring student achievement, but ignoring the relation between outputs and resources is as bad as simply focusing on inputs, because it totally sidesteps the issue of productivity—or the cost to produce different levels of outputs. One consequence of an exclusive focus on outputs could be to lock institutions into avoiding program change or improvement, lest they risk investments that take years to produce outputs. If, for example, a community college hopes to start a new program that will consume resources but not produce outputs for several years, an accountability system that does not make allowances for such a situation might push the college to rethink its plan. Similarly, a community college might choose not to start a GED preparation program, even if one is needed in the local community, because that program would not be considered in the accountability system. Given the crucial role of community colleges as the primary source of higher education for the most underrepresented groups in the United States, the possibility that accountability might limit access and services is reason for concern.

Stability and Usability

Without stability in accountability measures, it is impossible to make effective comparisons over time or to take note of important trends in a state’s postsecondary educational system. Moreover, constant changes in accountability measures and data collection requirements place a heavy burden on institutions, especially those, like community colleges, with limited budgets for institutional research. It sometimes seems that new accountability systems are put into place with every new legislative session, and in some states, most notably Florida and California, these

accountability systems have been layered on top of one another, adding to the confusion about their effectiveness (Ewell 2005).

In fact, most of the accountability systems reviewed in this study are new—five were developed within the last year or so and four have not yet been fully implemented. In California, the legislature is considering adding a statewide accountability system to the community college accountability system just put into place. Because so many of these systems are new, our respondents were unable to assess their effectiveness or make informed guesses as to their future.

Stability is an important factor in ensuring that an accountability system is functioning as expected. Those states that have had accountability systems in place for a while tend to have established procedures for reviewing and updating goals, indicators, and benchmarks. In Kentucky, for example, the statewide goals are phrased as five key questions about the state's higher education system. These goals, which were put into place when the

accountability system was adopted in 1997, were recently reviewed and updated. Two of the original questions were replaced by new ones that were felt to better assess the state's current situation, and new indicators were added to measure progress towards these new goals (Kentucky Council on Postsecondary Education 2005).

Stable accountability systems also seem to encourage use of the information by various audiences. Maryland's accountability reports, which have been produced since 1988, are, for example, regularly used by state officials in budgeting and administrative processes (Keller 2005). In Florida, on the other hand, multiple accountability systems compete for audiences, who may not even be aware of all of them. Constructive use of information technology may also be a means to enhance the use of accountability data. Texas's web-based accountability reporting system allows the production of reports as Excel spreadsheets, which our respondent reports has been a great help in answering questions posed by legislative staff members (S. Brown 2005).

Conclusions

Our examination of the effectiveness of selected statewide accountability systems in meeting the challenges posed by community colleges uncovered some hopeful developments. Policymakers are developing statewide systems to measure the performance of the higher education sector. Community colleges play a unique role in higher education and will therefore need special consideration within these accountability systems. The fact that all of the accountability systems reviewed have moved away from ranking individual colleges and placed new emphasis on contextualizing accountability measures through benchmarking and peer group comparisons indicates a new awareness that accountability should focus on meeting state goals not judging which institution is best or worst.

On the other hand, there continue to be significant problems with these accountability systems and, particularly, with the situation of community colleges within them. The frequent disconnect we found between performance indicators and statewide goals, together with a lack of clarity about the appropriate audiences for accountability reports, means that cash-strapped community colleges may be asked to collect data that are not really being used in an effective way to drive state policy. The performance indicators

used for community colleges also continue to be problematic with difficulties both in measuring the range of missions undertaken by many community colleges and in defining appropriate measures for student success. Above all, no accountability systems we reviewed recognized the limited resources available to the state's community colleges or their effective use. As a result, policymakers have no way to know if they are making the right choices in allocating funds to meet the state's goals for higher education.

In light of these findings, we recommend that states evaluate their existing or proposed accountability systems using the six measures defined in this paper: focus; differentiation; contextualization; integrity; attention to resources; and stability and usability. Doing so will improve the effectiveness of their accountability systems, particularly in terms of aligning performance indicators with state goals, and will help to ensure that community colleges, the fastest-growing sector in higher education, are appropriately treated in these systems. Accountability and transparency are, without a doubt, the wave of the future for higher education, and state policymakers have the opportunity now to build accountability systems that can help them use limited resources in effective ways while still maintaining quality and access.

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